CONFLICT OF INTEREST POLICY

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1. PURPOSE AND SCOPE

The mission of the University of Oulu (University) is, in accordance with the Universities Act (558/2009),

- to promote free research and academic and artistic education,
- to provide higher education based on research, and
- to educate students in order to serve their country and humanity.

In carrying out its mission, the University must interact with the surrounding society and promote the impact of research findings and artistic activities on society.

The University recognises that interactions between the University employees and commercial entities have many beneficial results for the University and is part of the University’s so-called third task. These interactions may, however, raise conflicts between the personal interests of the employees and the interests of the University. Conflict of Interest situations will inevitably arise, but the mere existence of such conflicts is not necessarily improper, provided that there is no wrongdoing.

The purpose of this Conflict of Interest Policy ("Policy") is

- to educate the University employees in order to identify potential situations where a Conflict of Interest may arise
- to give guidance on the mitigation of such potential conflicts, and
- to outline the processes regarding Conflict of Interest situations.

While there may be different situations depending on the nature of the individual’s position or function, this Policy sets the general standards for the actions of all University employees, hence, this Policy is applicable to all University employees.

2. CONFLICT OF INTEREST

Based on the Employment Contracts Act (55/2001), University employees have a general duty of loyalty to the University. The employees must, in their activities, avoid everything that conflicts with the actions reasonably required of employees in their position.

A Conflict of Interest exists when an employee’s professional obligation to the University is compromised or might be compromised by the pursuit of outside interests. A Conflict of Interest refers to a situation in which the employee’s financial, professional or other personal interests may directly or indirectly influence, or appear to influence, his/her duties at the University. Personal interests must not influence the decisions or actions of employees when carrying out their University responsibilities. All Conflict of Interest situations need to be identified, disclosed and managed in a proper way.
Based on the Administrative Procedure Act (434/2003), an **employee may not participate in the consideration of a matter**¹ or be present during such consideration if he or she is **disqualified**. The grounds for disqualification are further defined in the **Administrative Procedure Act** (please see Section 28). According to the Universities Act Section 30 Subsection 1, the provisions of the Administrative Procedure Act concerning disqualification apply to all university activity.

Please note that the funding terms and conditions of Funding Agencies (including, e.g., the National Institute of Health, NIH) may contain rules on conflicts of interest, which need to be additionally complied with.

### 2.1. Disclosure Process

Attempts to balance University responsibilities with outside activities can result in **conflicts regarding allocation of time and energy**. Outside activities may also create **incompetence due to bias**, which could prevent the employee from carrying out his or her work duties at the University. The employment agreements concluded between the University and its employees include, therefore, provisions according to which the employee may not, without the University’s consent, engage in activities that require the use of working hours or prevent the employee from carrying out his/her professional duties.

A breach of the duty of loyalty or restrictions on competing activities, or not observing the grounds for disqualification may lead to the termination or cancellation of the employment agreement as well as to liability for compensation of damages.

In order to ensure that Conflict of Interest does not prevent or improperly influence the carrying out of the employee’s duties at the University, a **disclosure process** regarding **secondary employment and other commitments** needs to be **followed** by all University employees. Please see the **instructions from disclosure process**.

### 3. Examples of Conflict of Interest Situations

Situations where conflict issues may arise are diverse. In order to help University employees to identify possible problematic situations, some common situations which may raise concerns relating to conflicts have been listed below:

#### 3.1. Personal Investments

**Equity interests** (ownership of stock) in companies (e.g., start-up companies) may cause Conflict of Interest situations. Conflict of Interest situations may arise, for example, if:

- The University infrastructure (e.g., premises, equipment, machinery, tools, University data or materials, or software licensed to the University) is utilised by a company partly

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¹ Consideration of a matter includes the preparation and presentation of the matter as well as decision making.
or wholly owned by an employee (or a close person of the employee)\(^2\) of the University ("Company");

- Company products are the subjects of research conducted at the University and the employee owning the stock is involved in such research;
- Research results of other employees or students of the University are used in order to enhance the business of the Company;
- University students, who are being supervised by the employee owning the stock, are used as workforce for the Company;
- The University’s name is used in order to enhance the business of the Company;
- Research of an employee at the University is directed or could reasonably be considered to be directed to serve the purposes of the Company, or the Company interest could otherwise have a potential influence on the design, conduct or reporting of personal research at the University;
- The Company sponsors research conducted at the University and the employee owning the stock is involved in such research;
- Other possible situations, which may be considered as (financial) conflict of interest situations by outside Funding Agencies (e.g., Business Finland, the EU, the NIH);
- The employee, as the representative of the Company, buys or sells something from or to the University when representing both parties in agreement negotiations (the University and the Company); or
- Non-compete provisions and/or confidentiality obligations agreed to by the employee with the Company and/or other shareholders of the Company prevent or obstruct work at the University and/or prevent publication or dissemination of research results.

As a general rule, prior **written agreements** between the Company and the University, is a must in case of any co-operation between the Company and the University. However, **employees**, who are **owners** of the **Company** (or whose close persons are the owners of the Company) partly or wholly, **may not take part in** any decision making **process** or otherwise take part in the **contracting process** with the Company since they are **disqualified**. More detailed instructions can be found in the University’s **instructions for secondary employment, affiliate and competing activities** and the University’s **Guidelines for Research-based Business**.

All research at the University must also be conducted in accordance with the **guidelines on “Responsible conduct of research and procedures for handling allegations of misconduct in Finland”**.

\(^2\) Please see Administrative Procedure Act Section 28 subsection 2 for definition of close person.
2012” of the Finnish Advisory Board on Research Integrity and in accordance with all applicable laws and regulations.

### 3.2. OUTSIDE EMPLOYMENT, MANAGERIAL ROLES, CONSULTING AND ADVISORY ROLES

Outside employment (including also managerial roles in a company, performing consulting services, or acting as an advisor either directly or through a company owned by an employee) may cause the same type of Conflict of Interest situations as outlined above under Section 3.1.

Outside employment is subject to the disclosure process outlined in the University’s Guidelines on Secondary Employment.

### 3.3. BOARD MEMBERSHIP

University employees are sometimes also asked to serve as a Member of the Board of Directors of a company. Many times this is due to the professional expertise possessed by the respective employee. In case such a position can have a negative effect on the employee’s activities at the University (e.g., by creating bias situations or other Conflict of Interest situations), the employee concerned must disclose such commitments in accordance with the disclosure process outlined in the University’s Guidelines on Secondary Employment.

Board membership is not an honorary position. All Members of the Board of Directors have obligations and liabilities as defined in the Companies Act (624/2006). The Board of Directors administers the company and its operations, and is also responsible, for example, for arranging control of the company accounts and finances.

Members of the Board of Directors may be held personally liable in certain cases. A Member of the Board of Directors can be personally liable to the company if he or she has caused loss or damage to the company through a deliberate or negligent breach of his or her duty of care. A Member of the Board of Directors can also be personally liable to the company, a shareholder or a third party, where he or she has caused damage through a deliberate or negligent violation of the provisions of the Companies Act or the articles of association of the company.

If Members of the Board contribute to the distribution of the company’s assets when the company is insolvent or in case the distribution will cause insolvency, Members of the Board can also be held personally liable. Criminal liability of a Member of the Board of Directors is also possible in cases of deliberate or grossly negligent actions that cause damage to or worsen the position of the company’s creditors.
4. REPORTING CONFLICTS AND POTENTIAL CONFLICTS; PROCEDURE

All University employees are expected to avoid actions or engagements which are in conflict with their position at the University, or that create the appearance of a Conflict of Interest between personal and/or external interests and the interests of the University. Employees should avoid situations where a personal or external interest may compromise or appear to compromise the ability of an employee to carry out his or her responsibilities at the University.

Employees should report Conflict of Interest situations accordingly. If a situation raises questions about a possible Conflict of Interest, employees are advised to discuss the situation with their immediate superiors who can request advice from the University Innovation Centre. Employees may also directly contact the University Innovation Centre personnel. Issues related to secondary employment and/or commitments are, however, handled as outlined in the University’s Guidelines on Secondary Employment.

Funding Agencies funding research at the University may have their own policies and rules relating to Conflict of Interest situations. Funding Agencies may also require the University to submit written confirmations regarding the University’s commitment to comply with such policies and rules.

This Conflict of Interest Policy has been approved by the Executive Committee of the University of Oulu on 1st June 2020.